

**PILOT LOCAL  
GOVERNMENT  
PARTNERSHIP PROGRAM**

**HOUSING MANAGEMENT  
AND DEVELOPMENT  
STRATEGY MODULE**

**(DRAFT)**

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## **PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

### **HOUSING MANAGEMENT AND DEVELOPMENT STRATEGY MODULE**

#### **OVERVIEW**

This module seeks to focus and guide the delivery of technical assistance to gminas in the housing sector. The Best Practices Guide is structured to reflect two main roles of gminas as:

- managers of the communal housing stock
- enablers in the growing housing market.

Within this framework, the module emphasizes:

- the need for a more strategic approach to managing housing and enabling the transition to a housing market, and;
- the use of practical tools to affect better housing management and administration, and to support the enabling strategies for alternative forms of housing development and operation.

Strategic planning is highlighted as a critical activity for gminas at a time of significant institutional, legal and economic change. Strategic planning will:

- improve all stakeholders' understanding of their relative roles and opportunities in a changing environment;
- guide gminas (leadership, housing managers, others) to redefine or focus on their essential mandates and role as facilitator/enabler, and to adopt goals, objectives and strategic plans accordingly;
- engage a wide variety of participants essential to housing management and development in a dialog to build consensus for action and collaboration to achieve common goals.

These results in turn will contribute directly to USAID's strategic objective by assisting partner gminas to:

- use resources more effectively in the execution of their housing mandates and as enabler/facilitator in housing management and development;
- respond better to the needs of residents and to the conditions of a market economy at a time of substantial change (legal, economic, institutional);
- become more accountable to residents and other constituents through the development of participatory planning toward common objectives.

This emphasis on strategic planning is largely based on experience gained during several years of direct TA provided to gminas by USAID and other donors. For example:

- In Bielsko Biala the gmina prepared a housing policy and is now aggressively implementing priority actions in urban revitalization, restructuring of the housing management and maintenance sector, and to collaborate in new housing development including alternatives such as TBS. The gmina now recognizes the policy as a good start toward a strategic planning process, but notes that it was an identification of problems and priority issues without strategic planning to resolve them. Recognizing the value of their productive initial steps the gmina now expects to return to strategic planning to redefine the role of housing bodies resulting in the adoption of realistic goals, objectives and milestones to measure progress.
- In Szczecin the strategic planning process resulted in consensus to initiate specific projects even before the formal adoption of the housing strategy. Foremost amongst these projects is the formation of a team to address rehabilitation of housing stock through public/private partnerships, which the gmina is now working to establish.

Technical assistance is needed to refine existing strategic planning tools to produce an approach which can produce rapid results for Polish gminas. TA is also required to conduct strategic planning exercises in gminas, and simultaneously to develop the capacity of local expert facilitators.

In addition to strategic planning, it is proposed to provide TA focused on the implementation of specific housing management and development reforms. These would be discrete activities identified as high priority by partner gminas. Hopefully these “urgent needs” correspond to a gmina’s housing goals or strategic plan, but we are cognizant of the need to be able to apply “first aid” to solve pressing problems and establish credibility with counterparts.

A growing body of Polish expertise and resources is available to address technical issues such as rent setting, estimating capital repair needs and budgets, and assessing the feasibility of rental housing projects. TA to apply these tools should be drawn primarily from local consultants supplemented by international expertise for supervision and quality control, and other critical short-term inputs. It is important to note that resources are still limited and further development and capacity building are required (see below). In addition, gminas are unaccustomed to paying for expensive consulting expertise, and it is not clear yet whether/when the gminas will develop into a real market for these services. Experience of the Pilot LGPP should help to answer this question by building the base of knowledge of capabilities and costs, and by demonstrating the value of specific consulting services to gminas.



In summary, the approach outlined in the module aims to reorient public-sector activity toward approaches which support efficient and effective housing management and development in a market economy. To succeed in the new legal and economic environment gminas need to be more strategic in their approach, to be more entrepreneurial and creative in their activities, to serve as facilitator/enabler rather than provider of housing and services, and to function as collaborator with a host of new participants which will continue to gain prominence in the development and management of housing.

## **PRIORITY ISSUES IN HOUSING MANAGEMENT & DEVELOPMENT**

Issues presented in this section have been identified largely as a result of USAID's ongoing cooperation with the GOP and local governments in Poland to transform the housing sector. Materials and experience from other donors and technical assistance providers also served as inputs. As a result of this activity there is a rich selection of documents discussing problems and issues in the housing sector. A list of relevant documents is at Annex A and an annotated listing of TA projects funded by various donors is attached at Annex B.

Listed below are key issues or problem areas where local governance intersects with housing management and development. A huge range of specific items is subsumed under some general topics such as "property management methods."

Note that the emerging housing finance system was the subject of a recent "Housing Finance Sector Assessment" conducted under the Local Governance Program (refer to the draft report *"Building on Progress: The Future of Housing Finance in Poland"* by Abt/Merrill) and so the topic is not featured in this section. The exclusion of "housing finance" per se eclipses a large discussion of "housing development" yet this is generally in keeping with the movement of housing finance from the public to private sector (and the focus on gmina's and local governance in the present paper).

### ***Responding to Change: The Changing Role of the Gmina***

The paramount issue for gminas today is to adapt to new legal, economic, social and economic conditions resulting from the transition to a market economy. Gminas must redefine their role(s) in the provision of housing and housing services, to adopt appropriate goals, and to articulate and implement strategies to achieve these goals. In this the gminas must necessarily involve (orchestrate) a range of new "collaborators" and "partners" in development because no stakeholder -- including the gmina -- has sufficient resources and powers to succeed independently.

Ultimately "success" will be measured by indicators such as improved living conditions, enhanced labor productivity and mobility, diverse and robust approaches to housing finance and development, and efficient use of scarce resources.

Redefinition of the gminas' housing role(s) has added urgency because of the close interrelation of the housing sector to:

- land management and development -- which are likely to be high on the list of gminas' priorities owing to the federal mandate (Land Planning Law) to prepare new physical/spatial master plans,
- infrastructure finance and capital investment planning -- particularly the need to upgrade and build new infrastructure for residential and other uses;
- economic development planning.

Whenever one of these topics is addressed the others will necessarily become involved to some extent. Thus the development of sound housing strategies is integral to the physical and economic growth and development of gminas.

The emphasis on strategic planning in the Approach represents a deliberate attempt to affect general changes which in turn will make gminas more responsive and flexible. These are important given that change and uncertainty are likely to persist in the housing sector in the near future. The impact of strategic planning is twofold: to change the way gminas go about the business of providing housing and services, and to instill a more strategic model of decision making.

### ***Gmina Housing Management Issues***

Following are some of the critical housing management issues faced by gminas:

- Gminas typically do not manage housing strategically, as a "corporate asset" of the gmina deployed and managed to achieve housing goals. Goals and strategies are not articulated and decisions on housing allocation, investment and divestiture are thus not typically treated strategically. (also dealt with in "Responding to Change: The Changing Role of the Gmina" above but repeated here for emphasis)
- Rent setting often fails to recognize both the economic cost of providing the housing, and the specific features which give the unit value in the market, such as its size, quality and location.
- Few cities have raised rents to the maximum level set by the state, for political reasons.



- Participation in housing allowances by eligible households has not yet reached theoretical levels. There is slow movement to economic or market rents, including increasing experimentation with rent differentiation, but revenues to gminas still do not cover the economic cost of providing and servicing housing.
- Rent arrears are a growing problem, while there is persistent mis-allocation of households amongst housing units (mismatch between housing vs. ability or willingness to pay).
- Gmina housing is of low quality, owing in part to a long history of deferred maintenance and low rate of replacement of obsolete units. Housing maintenance services are poor by most standards which is explained largely by inadequate funding and inefficient use of what funds are available. Inadequate property management and maintenance results in physical deterioration and growing tenant dissatisfaction.
- Polish cities have suffered from neglect and decapitalization over the past 40 years. Over 800 cities require extensive regeneration in downtown centers, yet conventional capital is limited for this purpose. Similarly, social and economic policies of the communist regime created disincentives for residents to improve their homes and neighborhoods.
- The rate of privatization of gmina housing is low compared to European and "income comparator" countries. Privatization at below-market value leads households to own and occupy housing which is beyond their financial ability to maintain and repair.
- Collective management mechanisms such as condominium associations do not work effectively yet, though many buildings are in mixed ownership including the gmina.

### ***Gmina Housing Development Issues***

Following are some of the critical housing development issues faced by gminas:

- Gminas generally have yet to adopt a strategic approach to housing development in a market economy, reflecting the transition to non-state financing of the majority of new construction. They need to reexamine their role in the light of legal and economic changes and to set realistic goals and adopt suitable strategies. (refer to "Responding to Change: the Changing Role of the Gmina" above, repeated here for emphasis)



- The decline and virtual end of new construction of communal housing construction can be construed as a positive step to the extent that it reflects a transition to private financing and ownership of housing. But it is also alarming given that much of the gmina housing is old and in poor condition. It is important for gminas to understand how their mandate(s) to provide housing can be met by investment in rehabilitation, and facilitation and collaboration in the production of housing by other stakeholders. And the gmina will always face a responsibility to care for the lowest income households.
- There has been a net decline in housing production/completions, which indicates that private sector supply has yet to catch up to housing needs. Gminas have resources (land, possibly some infrastructure) and other means (physical plans, regulations, tax incentives) which need to be adapted and coordinated to produce a positive environment for housing development by private sector and non-government organizations (e.g., coops and TBS).
- Gminas have started to explore new collaborative vehicles such as TBS for the production and operation of rental housing which is affordable to moderate income families. TBS are expected to fill an important role, yet gminas lack experience and technical skills required to organize TBS itself, to assess the financial feasibility of specific projects, and to apply for financing from the National Housing Fund.

## **APPROACH TO TECHNICAL ASSISTANCE FOR HOUSING**

The centerpiece of TA to gminas should be strategic planning activities which assist gminas and other stakeholders to examine and redefine their respective roles in the provision of housing and related services.

Secondary emphasis should be given to assist gminas and others to implement specific housing sector reforms, for example methods to improve property management, or to establish new alternative approaches to housing development. This would be accomplished by direct (but limited) TA to specific gminas. The specific issues likely to be requested by gminas are listed in “Priority Issues in Housing Management & Development” above, although within the topics there is a wide scope for TA depending on the objectives and “readiness” of each gmina.

### ***Strategic Planning for Housing Management and Development***

The goals of this activity are to:

- assist gminas and other stakeholders to develop and adopt strategic plans for their housing management and development activities;



- assist gminas and their subordinate bodies to redefine their roles as managers and developers of housing, to reorient to new legal, economic and market conditions in which the gmina only one amongst a variety of participants;
- produce concrete outputs to guide future activities of the gmina (and other stakeholders) in realigning housing management and development activities to new legal and economic realities, for example: housing goals articulated by the City (possibly enacted by local regulation); mission statements for gmina bodies engaged in housing activities; strategies to achieve the objectives, backed by action-oriented plans and measurable outputs.

The need for rapid assessment and diagnosis leading to adoption of priorities and action plans should guide strategic planning activities. The strategic planning activity identified as a “Gmina Housing Scan” is designed to achieve this, drawing heavily from existing tools and techniques, primarily the Gmina Financial Analysis Model, previous work on the preparation of housing strategies and performance indicators.

If circumstances such as funding, timing and local politics do not allow the completion and formal adoption of strategy document, it is still essential for gmina leaders and senior housing managers to reexamine their role in a changing environment, adopt goals which realistically represent stakeholders’ interests, and to think strategically about how they can attain the goals (and fulfill the mandate to provide housing services). Once this has been accomplished the chances that stakeholders will work collaboratively toward common goals will have increased significantly. Furthermore, knowledge gained through strategic planning will equip housing managers and decision makers to work effectively in the new and changing environment, for example, to:

- manage housing and other real estate as corporate assets;
- define and justify the need for a capital investment budget relating to gmina housing rehabilitation (and be able to compete more equitably with other needs such as infrastructure investment);
- understand the interests and abilities of stakeholders in the new legal and economic environment.

### ***TA to Improve Management and Administration of Gmina Housing, and to Support the Adoption of Enabling Strategies***

Whether or not they are guided by strategic planning, gminas are already adopting new techniques and practices, and will benefit directly from technical assistance to support their implementation. Clearly it will be more effective if the gmina’s reform activities are executed within the framework of a housing strategy, but it is assumed that some gminas will request assistance without a formal strategy (process or document). The Best Practices Guide identifies those implementation “tools” which should be included

in the “tool kit” for TA to Pilot LGPP partner gminas. For the most part these tools are already available or will be completed in the first months of 1997.

## **METHODOLOGY AND TOOL DEVELOPMENT**

### ***Intake Stage: Gmina Financial Analysis***

The “gmina financial analysis” is proposed as the starting point for TA to Pilot LGPP gminas. To this analysis we suggest to add the collection and review strategic plans and housing strategies, if existent, and the status of land plans to obtain a baseline picture of the gmina’s activities in these areas. To most efficiently utilize time, this information could be collected prior to initial visits by assessment teams. One result of the gmina financial analysis should be to identify the importance of housing to the municipal budget -- the expense of subsidies to housing, that housing and other real estate are valuable assets, and possibly to emphasize the lack of spending to maintain the value of these assets.

If time and resources allow, the initial assessment could also be expanded to obtain a minimum of baseline housing information. This would allow comparisons over time (to measure progress) and between gminas to identify relative strengths and weaknesses. A specific series of standard indicators could be developed by local experts and researchers under the guidance of a strategic planning expert.

Additional information useful for understanding the state of the local housing system can be found in the following sources: the National and Regional Statistical Offices (GUS and WUS) and housing monitoring statistics produced by the Housing Institute (IGM). Each housing issue/problem area has key indicators which can be compared against national averages which will provide a statistical diagnosis of the cities’ housing situation and progress in implementing reforms.

It is necessary to refine the level and type of data and information which should be assembled, to connect this with the information flows driving the GFAM, and to produce a briefing note for assessment teams.

### ***Assessment Visit***

During the “assessment visit” we should evaluate whether the gmina has taken steps to reorient to economic and market forces, in particular:

- whether the gmina has a housing strategy;
- identification of programs, actions and reforms designed or implemented by the gmina to improve its effectiveness and responsiveness in providing housing



and housing services (though they may not necessarily be part of an overall strategy);

- the extent to which housing strategy and programs are articulated in the policies of the gmina (for example in a housing strategy document, or if housing goals and mandates are identified in other documents such as economic development plans, physical/spatial plans, or capital investment programs) -- this can indicate both the level of commitment to implement strategies and programs, and the degree to which commitment is “shared” across sectors such as economic planning and land planning/management;
- the level of participation by relevant stakeholders in formulating and executing strategies and programs.

### ***Setting Priorities for TA***

If no recent (relevant) housing strategy exists then it should be a high priority to conduct a rapid strategic planning exercise called the “Gmina Housing Scan.”

It is likely that the assessment visit and/or the Scan will reveal “hot issues” which may be served by the tools (below).

### ***Gmina Housing Scan***

This rapid strategic planning exercise can be conducted over a short period of time, beginning with a collection of baseline information prior to visiting the gmina, then using a series of 2 or 3 week-long visits culminating in an intensive workshop of 1 or 2 days’ duration.

A preliminary outline of the Gmina Housing Scan proposes a sequence of 3 activities.

The starting point for the scan is the “Gmina Financial Analysis Model,” used as a diagnostic tool to identify key sectors where opportunities for operational and performance improvement by the gmina.

A “Housing Performance Scan” is conducted in parallel with the GFAM. This quick assembly and analysis of existing (non-budgetary) information produces indicators of the “performance” and characteristics of the gmina housing stock. These indicators are compared against local goals and standards (or legal requirements), and against other gminas to indicate relative differences in performance which may highlight opportunities or problems. Importantly, this exercise establishes a standard baseline for monitoring

performance over time. The second part of the scan is a series of interviews with key staff of the gmina to elicit their views on issues and problems in the housing sector.

The final step in the Gmina Housing Scan is a presentation of findings generated by the GFAM and the Housing Performance Scan, coupled with a facilitated discussion to explore issues, options and resource implications. The presentation is made in a Housing Strategy Workshop, engaging selected leaders and senior managers relevant to the gmina's housing management functions. The objectives of the workshop can be tailored to local needs and conditions, but should focus on reviewing problems and trends which jeopardize the ability of the gmina to fulfil its housing obligations, and to identify and prioritize specific issues for further action.

Several elements in the strategic planning process typically pose considerable challenge to local government officials (who are likely to host the exercise):

- to design an exercise which is manageable, producing action oriented results on a short schedule;
- to bring about participation by relevant stakeholders;
- to effectively facilitate the strategic planning exercise;
- to know what is an adequate amount of information, particularly in areas such as affordability and effective demand for housing.

An important aspect of “closure” in the strategic planning exercise is that stakeholders -- particularly the relevant departments and bodies of the gmina -- should then proceed to develop action plans driven by the strategy. If they have participated in the strategic planning exercise they should already be well equipped to do so. But this is also an obvious point where additional assistance -- possibly simply a subsequent monitoring visit -- may be very effective.

The main components of the Gmina Housing Scan already exist: the GFAM/EGFAM, existing work by PADCO and various local consultants on housing performance indicators, and a handbook on strategic planning for gminas prepared under British Know How Fund's LGAP. Some work is required to evaluate recent strategic planning experience and to refine and combine the existing tools into a unified package called the Gmina Housing Scan.

Previous housing strategy exercises in Poland should be reviewed to guide the development of tools and expertise. An additional input likely to improve the materials would be to involve local experts on housing indicators (work done recently in Szczecin, Tarnow) to define a set of easily-obtained information required to inform the strategic planning process. It is especially useful to be able to conduct a quick assessment of housing needs, and there is growing experience on this topic by Polish professionals.



The British Know How Fund under their Local Government Assistance Program has produced 2 guidelines supporting strategic planning and reorganization by gminas in the housing sector:

- "Guidelines for Preparing Gmina Housing Strategy"
- "Organisational Alternatives for Housing and its Financial Management"

PADCO has successfully adapted and applied (in Novosibirsk, Russia) a strategic planning exercise for the housing sector entitled "Market-Based Strategic Planning for City Leaders."

These materials need to be reviewed and adapted for inclusion in the "Gmina Housing Scan. A growing cadre of local consultants and counterparts in the gminas is available to assist in refining the approach and tools.

The Housing Finance & Municipal Advisory Program will conduct a workshop or conference in the 1st or 2nd quarter of 1997 which could be designed to extract the lessons learned from work in Szczecin, Tarnow, and Bielsko-Biala, and to develop a new model for strategic planning for housing.

The process of adapting the tools would also serve to develop the capacity of local consultants to facilitate strategic planning for housing in gminas. An experienced international facilitator would guide the process in collaboration with local experts (possibly a small team including housing experts, business consultants with corporate strategic planning experience, training facilitators).

Once the new model and supporting materials are developed, strategic planning activities would be conducted jointly by the local/foreign team in several gminas, with gradual transfer of responsibility to the Polish consultants (several gminas have recently requested assistance for strategic planning including 2 of the pilot LGPP partner cities).

### ***Refinement and Completion of the "Implementation Toolkit"***

During the first months of 1997 the tools identified in the Best Practice Guide need to be reviewed and refined, completed and if necessary repackaged for use in the pilot gminas.

### ***Potential for Integration of Strategy Modules***

The integrated, cross-sectoral orientation of the Pilot LGPP is essential to most effectively address the housing challenges faced by Polish local governments. Housing development is dependent on the availability of appropriately designated land, infrastructure, financing from private, state and local government sources, and effective

demand for housing created through increased economic growth. Resolving problems and exploiting opportunities in the housing sector will be accelerated by close integration with strategic planning and reforms in the land and infrastructure “sectors.”

The “study of conditions” (often referred to as the “studium”) required by the Act on Spatial Development (1994) is designed to provide the social and economic premises for land use allocation. This study may be the most effective catalyst for a strategic planning exercise (for housing and other development issues).

The interdepartmental cooperation required to successfully conduct the “study of conditions” or an integrated community development strategy poses a challenge to evolving local government structures that still tend to be hierarchical and sectorally divided. This reinforces the need to design a strategic planning process which is both interdepartmental and participatory, and which more closely resembles a “quick assessment” than a comprehensive plan.

In summary, the substantive modules -- especially land, housing, economic development, infrastructure -- are interrelated as crucial elements of community development and management strategies and programs. And to be effective, each substantive module must contain strategies for addressing strategic management, financial feasibility, public participation and service improvement. The challenge to the Pilot LGPP is to share and coordinate resources amongst sector modules in the first round to achieve a fully integrated approach to municipal assistance.

## **CURRENTLY TARGETED INTERVENTIONS IN THE HOUSING SECTOR**

In addition to the significant legislative and other progress made by the State and gminas, donor-assisted projects have contributed technical assistance to resolve some housing sector reform issues, as highlighted in the following section.

USAID has already played a significant role in transformation of the housing sector. For example, the Housing Finance & Municipal Advisory Program worked through 4 distinct, yet related components:

- *A Housing Development Component* to promote the establishment of a viable private housing development sector. Working with the GOP’s Housing Finance Project Office (HFPO), the project assisted hundreds of private developers to develop multi-family housing projects, thus helping to fill the gap left by the decline of the national government as provider of housing. Developers throughout Poland were trained to formulate and finance multi-family housing projects.



- Closely related to housing development is the *Housing Finance Component* which provides assistance in the development of the Polish mortgage lending industry. Implementation of the Mortgage Fund has been constrained by high interest rates, problems with lien priorities, and the general reluctance of Poles toward long-term borrowing, yet lending for home ownership is finally taking off. Whereas only 2 banks offered housing loans when the program started, some 15 banks do so today.
- The *Gmina Housing Partnership* (GHP) provides technical assistance to help municipalities meet the growing need for new and rehabilitated housing. Execution of pilot programs in 6 cities is producing a variety of useful solutions and tools with which gminas can better meet their obligations to provide housing and related services. An outstanding example of this component, the "Lublin Neighborhood Revitalization Program" received worldwide recognition and an award as one of the 12 Best Practices in Housing and Urban Development at the Habitat II conference in June 1996.
- The goal of the *Municipal Infrastructure and Credit Component* is to increase the absolute level of investment in municipal infrastructure, which is currently well below the level needed to sustain economic growth and to address the existing backlog of demand for basic services. The strategy to rapidly increase municipal investment is to stimulate long-term debt financing by credit-worthy municipalities. In close cooperation with the Municipal Development Agency, we are improving the ability of municipalities to establish credit-worthiness, to prepare sound investment programs and to assume long-term debt. In improving access to infrastructure finance, the component concentrates on both the development of the non-subsidized municipal credit market, and the municipal bond market.

Cooperative Housing Foundation (CHF) is another AID contractor/grantee which has achieved considerable success to promote decentralized, market-oriented housing delivery through NGO's. Ongoing work in more than 10 Polish cities has already assisted in the establishment of not-for-profit "Agencies to Support Housing Initiatives" (English acronym AIM). The work starts from an adaptation of cooperative housing development models to the emerging Polish market economy. The main objective of CHF's assistance is to strengthen AIM's as independent, sustainable, non-government entities capable of effectively addressing local housing issues. AIM's can play an active role in forming and legalizing housing cooperatives, organizing the design-build process, preparation of cash-flow analyses, obtaining financing, and managing the construction process. A recent project of CHF is the development of a "Center for Housing Initiatives" which aims to strengthen and enhance development of local capacity to deliver affordable housing, based on consumer preferences, input and demand. To achieve this the Center will expand the existing network of AIM's, provide specialized services in support of housing



delivery, and services to local governments which collaborate with private- and NGO-developers.

Over the course of 4 years' ongoing technical assistance, CHF developed and applied the following models:

- new professional association of local NGO's trained to assist housing initiatives (AIM's) and their supporting organization the Center for Housing Initiatives (CHI);
- Gmina Partnership and private construction company conducted a joint project for new housing development in Bialystok (over 300 units in a multi-family apartment complex);
- Private Capital (cooperative) involved in communal housing management as a part of the development of a city block "Alternatywa" in Bialystok;
- Restructuring of existing enterprise housing stock to cooperative management (Huta Katowice - 900 units).

Other donor-assisted projects have made similar contributions, some of which are summarized in Annex B.

## **ANNEX A**

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## **ANNEX B**

### **DONOR-ASSISTED HOUSING TECHNICAL ASSISTANCE PROJECTS**

1	Name of Project or Program	Strengthening a Decentralized, Market-Oriented Housing Delivery System Through NGOs: Center for Housing Initiatives
2	Implementing Firm(s) and Organizations	Cooperative Housing Foundation (CHF)
3	Name & Contact of Manager of Project or Program	Wojciech S. Wojtysiak, W. Sławek Getka, CHF Program Directors in Poland CHF, Warsaw, Pl. Konstytucji 3/77, tel./fax 621-2082, 622-43-25 e-mail:chf@ikp.atm.com.pl
4	Funding Source(s) (Agency, and/or Govt.)	United States Agency for International Development
5	Polish Implementing Partners or Counterparts	Vitax, IGM, IGM Kraków, KIN, FISE, PTM, HABITAT, Stowarzyszenie Wspólnota Mieszkaniowa, Fundacja na Rzecz Kredytu Hipotecznego
6	Goals	to strengthen and enhance development of local capacity to deliver affordable housing, based on consumer preferences, input and demand. The goal will be achieved through the establishment of CHI which will expand the existing network of AIMS - i.e non-governmental organizations (NGOs) providing specialized services in support of housing delivery - and provide support services to local governments engaging in housing in collaboration with the private sector entities.
7	Objectives	<ul style="list-style-type: none"> <li>- to provide technical assistance and training to the expanding network of indigenous, self-sustaining organizations (NGOs) thus enhancing local level institutional and human capacity with respect to private sector housing development, management and maintenance;</li> <li>- to amplify and further refine the relations with the delivery system, providing support to gminas and other organizations working within the sector, e.g., housing Finance Project Office, Polish Homebuilders' Association, Foundation to Support Economic Initiatives (FISE), Polish Housing Society (PTM), and rationalizing roles and optimizing resource use of individuals, private sector organizations, NGOs and gminas to stimulate widespread market-oriented, affordable housing development;</li> <li>- to develop training materials and outreach activities, including consumer-oriented ones to popularize the housing finance system and the relationship of local housing cooperatives to it, to explain consumer rights and responsibilities and cost saving approaches;</li> <li>- through CHI, to promote, disseminate (or test) products, systems, information and/or methodology developed by other collaborating organizations supported by USAID or other foreign entities providing assistance for the housing sector in Poland.</li> </ul>
8	Target Clients or Beneficiaries	gminas, cooperative and private investors, condos, developers, builders
9	Anticipated Impacts or Benefits to Target Group(s)	Through the project, the following results will be realized:



1. A network of sustainable indigenous technical service agencies (AIMs) in 24 cities will be formed in coordination and collaboration with the existing network, capable of supporting market-oriented housing delivery through the provision of quality assistance in organizational, managerial and technical services.
  2. A Center for Housing Initiatives will be organized and operating on a self-sustaining basis, drawing on the skills and expertise of local partner institutions, possessing the capacity to continue activity including replication of AIMs as demand exists, and to decentralized housing delivery, with respect to both new and existing housing
  3. 24 local governments (gminas) will be exposed to collaboration with private non-profit developers and assisted in improving methods and skills, as well as professional conduct in support of private sector housing delivery.
  4. Institutional and human capacity within indigenous Polish institutions collaborating in the program will be strengthened and enhanced.
  5. CHF-designed and tested democratic cooperative housing development methodology will be widely disseminated and applied throughout Poland; 24 small housing cooperatives will be assisted and strengthened.
  6. Physical construction on 24 local sites will be assisted by newly established AIMs expanded, with an estimated 20 pilot homes produced annually at each location.
  7. New housing finance procedures will be promoted, applied and popularized at the consumer level in 24 different localities in Poland
  8. USAID-developed products will be disseminated to local clients.
  9. An established and experienced training center with the capability to expand on a national and regional basis will provide training in support of reform in the housing sector in the CEE/NIS region.
  10. A model for the revitalization of historic districts will be developed and disseminated throughout Poland; Project Task Forces from four cities will be assisted, through study tours and follow-up discussions, in the development of Revitalization Action Plans for their cities.
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1	Name of Project or Program	Supplementary Housing Project in Dzierżoniów
2	Implementing Firm(s) and Organizations	Halcrow Fox, London, UK Konsultingowe Biuro Usług HABITAT, Warszawa
3	Name & Contact of Manager of Project or Program	Alistair Blunt, Halcrow Fox Jerzy Fiszer, HABITAT
4	Funding Source(s) (Agency, and/or Govt.)	Local Government Assistance Programme British Know How Fund
5	Polish Implementing Partners or Counterparts	The City of Dzierżoniów
6	Goals	Technical Assistance in Developing a Housing Strategy
7	Objectives	<ul style="list-style-type: none"> <li>- to build a comprehensive housing which forms an integral part of an economic development plan for the town as a whole</li> <li>- to prepare a detailed feasibility study for the regeneration of the historic core area of the town</li> <li>- to give a recommendation for the reconstructing of public services delivery based on a study of the impact of the housing development on the present infrastructure and public service delivery system</li> </ul>
8	Target Clients or Beneficiaries	<p>The City of Dzierżoniów</p> <p>LGAP KHF for additional inputs into the present good practice training manuals as well as supplements to those manuals (in particular financial planning)</p> <p>indirect - other gmina</p>
9	Anticipated Impacts or Benefits to Target Group(s)	<ul style="list-style-type: none"> <li>- higher efficiency in administration the housing stock</li> <li>- improvement of the physical condition of the stock</li> <li>- administration cost reduction</li> <li>- new possibilities for construction of new rental housing</li> <li>- opportunities for employment</li> <li>- enhancement of the cultural assets of the town</li> </ul>



1	Name of Project or Program	The Housing Policy Project Restructuring the communal housing sector in Gmina Warszawa-Centrum and Białystok
2	Implementing Firm(s) and Organizations	OPUS Bergen AS, Norway IWU-Darmstadt, Germany
3	Name & Contact of Manager of Project or Program	Gert A. Gundersen, OPUS Bergen AS Wolfgang Kröning, IWU Darmstadt
4	Funding Source(s) (Agency, and/or Govt.)	Government of Norway - Foreign Ministry Government of Germany - Ministry of Regional Planning Building and Town Planning
5	Polish Implementing Partners or Counterparts	The City of Warsaw Gmina Warszawa Centrum Gmina Białystok
6	Goals	Changes in self-government and administrative structures/new distribution of responsibilities in the communal housing sector/changes in the management and administration of Gmina owned housing stock in Gmina Warszawa-Centrum and Białystok
7	Objectives	Restructuring political and administrative responsibility for the Gmina Housing Sector. Establishing independent-Gmina owned-commercial law companies for management and administration of Gmina's Housing stock.
8	Target Clients or Beneficiaries	Political and administrative communal units - clear strategy for local authority housing policy. Tenants - a more tenant - and problem orientated administration of the stock
9	Anticipated Impacts or Benefits to Target Group(s)	Higher efficiency in administrating the Housing Stock, quicker improvement of the physical condition of the stock, reduction of costs of administration, creation of possibilities for construction of new rental housing.



1	Name of Project or Program	Supplementary Housing Project in Tarnów
2	Implementing Firm(s) and Organizations	Llewelyn-Davis, London, UK Institute of Physical Planning&Municipal Economy (IGPIK), Kraków
3	Name & Contact of Manager of Project or Program	Graham Tomlinson, Llewelyn Davis Zygmunt Ziobrowski, IGPIK, Kraków
4	Funding Source(s) (Agency, and/or Govt.)	Local Government Assistance Programme British Know How Fund
5	Polish Implementing Partners or Counterparts	The City of Tarnów
6	Goals	Technical Assistance in Developing a Housing Strategy
7	Objectives	<ul style="list-style-type: none"> <li>- to build a comprehensive housing which forms an integral part of an economic development plan for the town as a whole</li> <li>- to give a recommendation for the reconstructing of public services delivery based on a study of the impact of the housing development on the present infrastructure and public service delivery system</li> </ul>
8	Target Clients or Beneficiaries	<p>The City of Tarnów</p> <p>LGAP KHF for additional inputs into the present good practice training manuals as well as supplements to those manuals (in particular financial planning)</p>
9	Anticipated Impacts or Benefits to Target Group(s)	<ul style="list-style-type: none"> <li>- higher efficiency in administration the housing stock</li> <li>- improvement of the physical condition of the stock</li> <li>- administration cost reduction</li> <li>- new possibilities for construction of new rental housing</li> <li>- opportunities for employment</li> <li>- enhancement of the cultural assets of the town</li> </ul>



1	Name of Project or Program	Tarnów Municipality Strategy
2	Implementing Firm(s) and Organizations	Llewelyn-Davis, London HACAS, London Institute of Physical Planning&Municipal Economy (IGPIK), Kraków Institute of Housing, Kraków
3	Name & Contact of Manager of Project or Program	Graham Tomlinson, Llewelyn Davis Tel: 44-171-637 0181 Zygmunt Ziobrowski, IGPIK, Kraków Tel: 12-22 5033
4	Funding Source(s) (Agency, and/or Govt.)	Know How Fund, British Government
5	Polish Implementing Partners or Counterparts	- IGPIK, Kraków - IOH, Kraków - Tarnów Municipality
6	Goals	To improve housing provision by all sectors and housing management by Tarnów Municipality
7	Objectives	- Assist Tarnów Municipality to produce a Housing Strategy and Business Plan - Assist Tarnów Municipality to improve Housing Management and Maintenance - Assist Tarnów Municipality to encourage other agencies to provide and improve housing
8	Target Clients or Beneficiaries	Tarnów Municipality
9	Anticipated Impacts or Benefits to Target Group(s)	Improve capability of Tarnów Municipality Housing Department and Housing Management Company, increase new building programme, and improve quality of housing stock



1	Name of Project or Program	Local Housing Strategy Development and Implementation
2	Implementing Firm(s) and Organizations	Gmina Housing Partnership, USAID Housing Finance and Municipal Advisory Program through PADCO, Inc. and Cooperative Housing Foundation (CHF)
3	Name & Contact of Manager of Project or Program	Szczecin: Martha Sickles, PADCO, Inc. Bielsko Biala: Jan Czarniecki, PADCO, Inc.
4	Funding Source(s) (Agency, Govt.)	USAID, gmina budget
5	Polish Implementing Partners or Counterparts	Vice President Piotr Mync (Szczecin), Vice President Krawczyk (Bielsko Biala), and a variety of local consultants and consulting firms
6	Goals	Make local government more effective, responsive and accountable
7	Objectives	Improve municipal capacity to create and implement proactive comprehensive local housing strategies founded on a knowledge of community needs and resources and most efficiently utilizing external resources.
8	Target Clients or Beneficiaries	Gminas, NGO's, housing "stakeholders"
9	Anticipated Impacts or Benefits to Target Group(s)	Housing priorities and strategies will be clarified allowing more effective use of resources, increased private participation and financing of housing.

1	Name of Project or Program	Assistance to the National Housing Fund (KFM) and the not-for-profit housing sector (TBS)
2	Implementing Firm(s) and Organizations	Gmina Housing Partnership, USAID's Housing Finance and Municipal Advisory Program, PADCO Inc.
3	Name & Contact of Manager of Project or Program	Martha Sickles or Dick Quigley, PADCO Inc. ul. Towarowa 28, 00-958 Warsaw, phone 620-8300
4	Funding Source(s) (Agency, and/or Govt.)	U.S. Agency for International Development (USAID)
5	Polish Implementing Partners or Counterparts	Housing Finance Project Office
6	Goals	More effective, responsive and accountable local government.
7	Objectives	(1) Increase the effectiveness of local governments to deliver housing services by supporting development of the National Housing Fund and not-for-profit sector. (2) Facilitate achievement of the goals of the National Housing Fund program by assisting gminas and TBS to draw on the available funds. (3) Disseminate broadly applicable analytical tools and models of best practice to a wide range of gminas. (4) Train and enhance the capabilities of HFPO and other organization to the not-for-profit sect. (5) Provide feedback to BGK and MoSEC with feedback to refine the Act, Ordinance and other regulations .
8	Target Clients or Beneficiaries	Gminas and other partners in the creation of TBS, existing TBS and cooperatives preparing applications for BGK funding.
9	Anticipated Impacts or Benefits to Target Group(s)	KFM program operates effectively resulting in well-formulated projects receiving funding. TBS and other not-for-profit groups will be producing affordable housing for middle- and low-income households.

1	Name of Project or Program	Housing Management Information System
2	Implementing Firm(s) and Organizations	Gmina Housing Partnership, USAID's Housing Finance and Municipal Advisory Program, PADCO Inc.
3	Name & Contact of Manager of Project or Program	Martha Sickles or Mark Brown, PADCO, Inc. ul. Towarowa 28, 00-958 Warsaw, phone 620-8300
4	Funding Source(s) (Agency, and/or Govt.)	U.S. Agency for International Development (USAID)
5	Polish Implementing Partners or Counterparts	City of Srem, Vice President Krzysztof Lozynski Qbit (computer programming firm) (and several local consultants)
6	Goals	More effective, responsive and accountable local government.
7	Objectives	Improve the management of existing gmina-owned housing stock by increasing the capacity of municipal housing managers to assess maintenance and repair needs, estimate costs, set priorities, and to support rent setting and housing allowance programs.
8	Target Clients or Beneficiaries	Municipal housing managers
9	Anticipated Impacts or Benefits to Target Group(s)	Improved housing repair strategies, rent setting and rent collection policies.



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1	Name of Project or Program	Lublin Neighborhood Partnership Program
2	Implementing Firm(s) and Organizations	Gmina Housing Partnership, USAID/PADCO Housing Finance and Municipal Advisory Program, Unit for Housing and Urbanization of Harvard University
3	Name & Contact of Manager of Project or Program	Mona Serageldin, Harvard University Ewa Kipta, Program Coordinator, Coordinating Committee for City Development, City of Lublin
4	Funding Source(s) (Agency, and/or Govt.)	USAID (technical assistance) gmina and residents (implementation)
5	Polish Implementing Partners or Counterparts	City of Lublin
6	Goals	More effective, responsive and accountable local government.
7	Objectives	Increased involvement of citizens, NGO's and businesses in planning and implementing community development and revitalization. Institutionalize the capabilities.
8	Target Clients or Beneficiaries	Municipalities, NGO's, TBS.
9	Anticipated Impacts or Benefits to Target Group(s)	Increased participation leads to greater willingness to pay for upgrading of urban services. Actions and investment by gmina are more responsive if done in collaboration with residents.

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# **HOUSING MANAGEMENT AND DEVELOPMENT**

## **BEST PRACTICE GUIDE**

### **INTRODUCTION**

The Local Self-Government Act conferred upon gminas a mandate to *"satisfy the collective needs of the community concerning matters of ...municipal housing construction."* Behind this simple statement lies the complex task of fundamentally restructuring the way in which a nation houses itself. This challenge today concerns increasing numbers of residents, public officials, property owners, and intermediaries in sectors like construction, finance and property management.

The importance of housing in national and local economies cannot be overstated. A robust housing market is critical to economic health, just as the quality of the housing itself directly affects residents' quality of life. The need for effective and efficient housing markets is even more important in the context of Poland's economic restructuring, given housing's role:

- as physical shelter for the workforce;
- as a source of wealth to legal and natural persons;
- as a generator of local employment (construction, rehabilitation, maintenance) with significant multiplier effects for the local economy, and;
- enabling the workforce to relocate in response to changing employment patterns -- free movement of households improves urban productivity.

Transformation of the housing sector to a broadly participatory market model will thus make an important contribution to the overall social, political and economic changes taking place today in Poland. The long-run benefits of this transformation will be substantial, but to reap these benefits poses a considerable challenge to gminas.

The task faced by local leaders, managers and administrators is formidable. Not only must gminas assume new responsibilities for housing, but they must do so in a rapidly changing legal and economic context.

### **THE GMINA AS OWNER & MANAGER OF HOUSING**

Of immediate concern to leaders is the need to assure adequate housing for residents. The responsibility to protect households which cannot afford adequate housing at market prices engages the gmina as owner and manager of public rental housing. Economic growth, declining inflation and increasing privatization of housing are changing the traditional role of gminas as owners and managers of housing, but gminas are still responsible for large stocks of public rental housing.



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### **Strategic Planning Leads to Action**

*Gminas which recently prepared housing strategies have quickly taken action to implement them.*

*In Bielsko Biala city officials and local residents recognized the need to identify strategic goals in the housing sector. The gmina prepared a housing policy over a period of 3 months, resulting in the completion of a policy document in the Spring of 1996. Today the gmina is aggressively implementing several priority actions identified in the housing policy:*

- revitalization of the historic city center in partnership with residents, businesses and private investors;*
- restructuring of the housing management and maintenance bodies, including a pilot project to privatize one of the operating units (ADM), and;*
- promoting the development of not-for-profit housing through alternatives such as TBS.*

*Leaders in Bielsko-Biala recognize that their first housing policy identified problems and priority issues with little strategic planning to resolve them. Convinced of the value of their productive first steps the gmina now plans to return to strategic planning to redefine the role of housing bodies, and to formulate new goals, objectives and strategic actions accordingly.*

*In Szczecin the strategic planning process resulted in consensus to initiate specific projects even before the formal adoption of the housing strategy. Foremost amongst these projects is the formation of a team to address rehabilitation of housing stock through public/private partnerships, which the gmina is now working to establish.*

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*The gmina president, council and senior managers are thus concerned to fulfill legal, social and often political obligations to provide adequate housing at accepted standards of quality, while minimizing the burden of these responsibilities on the gmina budget.*

To achieve this delicate balance requires:

- strategic planning for gmina housing reforms, and;*
- more effective management of the public rental housing stock.*

### **Strategic Planning for Gmina Housing Reforms**

To act more strategically depends on a variety of planning and management tasks which together enable the gmina to act more effectively and responsively, for example, to:

- understand better the changing environment -- legal, economic, financial, demographic and institutional trends both internal and external to the gmina;*

- examine the role of the gmina in this context, and the threats and opportunities it faces, in order to adopt appropriate goals and policies, priorities and action plans;
- identify the financial and budgetary impact of alternative courses of action, and;
- organize and start a process to monitor progress toward the adopted goals.

These key elements improve the gmina's ability to act strategically to achieve its goals.

An important result of strategic planning is to identify strategic actions, which may be documented in "action plans" or "housing strategies" (see *box: Strategic Planning*). It is expected that the process will lead participants to better understand issues such as: how narrowly to target financial assistance from the budget, whether competitive contracting for services will save money, and should the gmina pursue further privatization of housing and/or maintenance departments (e.g., ADM's).

Strategic planning for housing also provides important inputs to guide physical/spatial planning, and planning for capital investment in new infrastructure. Used together, these planning tools can help the gmina to avoid inefficient patterns of growth and infrastructure networks which are expensive to build and maintain. The housing strategy can guide physical development, and the strategic planning process can help to build support for the necessary policy decisions and investments by the gmina.

How can gminas adopt a more strategic approach, with little or no experience to draw from? The "Gmina Housing Scan" available under the Pilot LGPP is a model approach which can be applied quickly in collaboration with the gmina.

■ **Gmina housing scan.** A sequence of 3 strategic planning activities for gminas. The scan can be implemented rapidly, giving immediate results such as: assessment of financial performance of gmina housing in the context of the budget, and identification of important trends, deficiencies and new opportunities.

The starting point for the scan is the "Gmina Financial Analysis Model," which is a diagnostic tool used to identify key sectors where opportunities for operational and performance improvement by the gmina. It includes an analysis of revenues and expenditures, proposed capital investments, and projects how trends will impact the ability to support program goals under different scenarios. GFAM is actually a general diagnostic tool applicable to all sectors represented in the gmina's budget.

A "Housing Performance Scan" is conducted in parallel with the GFAM. This quick assembly and analysis of existing (non-budgetary) information produces indicators of the "performance" and characteristics of the gmina housing stock. These indicators are compared against local goals and standards (or legal requirements), and against other gminas to indicate relative differences in performance which may highlight opportunities



or problems. Importantly, this exercise establishes a standard baseline for monitoring performance over time. The second part of the scan is a series of interviews with key staff of the gmina to elicit their views on issues and problems in the housing sector.

The final step in the Gmina Housing Scan is a presentation of findings generated by the GFAM and the Housing Performance Scan, coupled with a facilitated discussion to explore issues, options and resource implications. The presentation is made in a Housing Strategy Workshop, engaging selected leaders and senior managers relevant to the gmina's housing management functions. The objectives of the workshop can be tailored to local needs and conditions, but should focus on reviewing problems and trends which jeopardize the ability of the gmina to fulfil its housing obligations, and to identify and prioritize specific issues for further action.

### ***Tools for Effective Management of Communal Housing Stock***

Effective management of communal housing grows increasingly important in the face of declining budgets and the history of deferred maintenance in the ageing housing stock. Many gminas have already taken steps to improve the physical condition and financial "performance" of their communal housing. In some gminas strategic planning exercises like the Gmina Housing Scan will identify new management and administrative reforms. In other gminas the problems and priorities are already well known, but the gmina lacks knowledge, experience or other resources required to take corrective action. Some tools are available which can be applied with technical assistance from the Pilot LGPP. With these tools the objective is to help gminas to rapidly address specific problems.

■ **Rent setting models & policies.** Rent increases have barely kept pace with inflation, and the share available for maintenance and repairs has been eroded by rising utility prices. Rent setting often fails to recognize the full economic cost of providing and maintaining housing, and the specific features which give the unit value in the market, such as its size, quality and location. Thus in most gminas communal rents still do not cover operating costs, let alone full economic costs including sorely needed renovation. Rent arrears are a growing problem, while there is persistent mis-allocation of households amongst housing units (mismatch between housing vs. ability or willingness to pay). Few cities have raised rents to the maximum level set by the state, for political reasons. A manual on rent setting strategies: *"Rent Setting in Poland: Rent Point Scheme Methodologies"* is available with technical assistance for implementation by gminas.

■ **Housing allowance manual.** Receipt of housing allowances by eligible households is far below theoretical and planned target levels. Gminas hesitate to promote housing allowances out of fear that the portion of the subsidy contributed by the gmina will not be offset by general increases of rents toward market levels. More widespread and effective implementation of housing allowances is needed if the program is to protect

those in need while assisting gminas to recover the cost of providing and maintaining the communal stock. Once the program is effective, the gmina will face less opposition to increasing rents to market levels.

■ **Housing management & maintenance MIS.** Gminas need to assess the backlog of capital repair needs, and the comparative costs of alternative maintenance and repair strategies. This tool is a computerized database system which helps gminas to evaluate alternative strategies leading to more effective use of scarce maintenance and repair funding. The system also provides characteristics for rent setting policies, analysis of rent differentiation, housing allowances and the impact of rent increases on the number and amount of housing allowances.

■ **Housing management manuals.** Several useful manuals are available on topics such as "Repairs and Maintenance: Repair Contracts Guidelines."

■ **Model for institutional restructuring and privatization.** Most gmina housing management services are still provided by monopolist bodies controlled by the gmina itself. There is considerable potential for competition in the marketplace to yield better service at lower prices to owners and residents. This approach to fundamental restructuring and eventual privatization of housing services in Warsaw has been developed and documented as a model, supported by several reports which recommend legal, administrative and management actions.

## THE GMINA AS ENABLER IN THE HOUSING SECTOR

New housing production is almost stagnant despite continued economic growth. Housing supplied by the private sector has yet to catch up to latent housing needs, and the stock may now be declining as depreciation exceeds replacement. Gminas generally have yet to adopt a strategic approach to stimulate housing development and urban revitalization in a market economy, reflecting the transition to a housing finance system dominated by private sources of funding.

Gminas need to understand market forces and to use financial and non-financial means such as physical plans, regulations and tax incentives to stimulate housing development by private sector and non-government organizations (e.g., coops and TBS). This means substantially redefining the role of the gmina within a changing field of stakeholders such as housing producers, consumers, financiers, local and regional governments, NGO's and others. To work productively in partnership with these groups gminas need to become more entrepreneurial, collaborative and participatory.

For example, the concept of public/private partnership encompasses a variety of cooperative ventures between government, private and not-for-profit or NGO sectors, and usually involving citizens at large. The energy, ideas and resources are used in concert

to achieve collective goals such as improved service provision, joint financing of capital investment in housing or infrastructure, or to coordinate the complex task of neighborhood revitalization (see box: Lublin Neighborhood Revitalization).

### ***Lublin Neighborhood Partnership Yields Revitalization***

*Lublin's striking old town is seriously deteriorated. Redevelopment plans created in the 1970's were reliant on government financing. The City recognized the need for realistic programs to revitalize the old town. City leaders initiated and implemented participatory redevelopment strategies, recognizing the complex social, economic, technical and cultural problems of neighborhood decline, and the important role of local residents to create and implement appropriate solutions.*

*The participatory planning process was piloted two neighborhoods consisting of 19th century multi-family housing and single family housing. Designated for urban renewal, these districts were denied access to infrastructure, but the City eventually determined not to clear the areas, seeking instead to support local initiatives to improve the neighborhoods. Together with residents, the gmina's technical staff developed plans for infrastructure to be financed through a cost sharing formula with the city. The municipality covers 50% of the cost of water, sewerage, and power lines, 70% of the cost of roads and sidewalks and 100% of the cost of drainage and street paving.*

*Local businesses supported neighborhood improvement: the Polish Foundation of Opportunities Industrialization Centers, and the Lublin Development Foundation participated in strategic planning for the development of local business. The City Department of Promotion facilitated the organization of a Neighborhood Entrepreneur's Committee and business development effort.*

*Results are impressive. Recent reports from of the two pilot neighborhoods indicate that 137 units have been rehabilitated. Roughly 50 new micro enterprises employing 120 persons have opened. Other neighborhoods have requested to participate in the program. With its proven successes, the neighborhood partnership concept is being expanded to housing rehabilitation in the old town. This expanded initiative builds on the partnership concept to include a broader role for the private sector in the rehabilitation and management of multi-family housing and improves the institutional capacity of the city to collaborate with property owners and developers.*

### ***Strategy for Gmina as Enabler***

The Gmina Housing Scan discussed above can be extended and applied as a tool to reorient gmina leaders and managers to the role of enabler in the local housing market (sector), and as a means to generate participation amongst a wide range of stakeholders. The process is essentially the same, but the exercise covers a broader range of issues and options, and the participants include stakeholders from the community including: builders and developers, business and community leaders, housing-related NGO's, and ordinary residents. There is a natural sequence of applying the Scan first to assess "internal" housing management issues then building on this to encompass the gmina's enabling role within the wider "external" environment.

### ***Tools to Implement Enabling Strategies***

Gminas are already starting to explore new collaborative arrangements such as establishing TBS for the production and operation of affordable rental housing for moderate income families (see box: Affordable Alternatives).

#### ***Affordable Alternatives: Cooperative Housing and TBS***

*Cooperative Housing: In response to new political and economic conditions, Cooperative Housing Foundation developed and implemented a model cooperative housing project as an alternative to traditional state-subsidized housing. Demonstration projects for "Cooperative Housing in a Market Economy" were conducted in the towns of Bialystok and Zory (1992 - 1994). The projects resulted in construction of 2 housing complexes (52 inner-city units in Bialystok, 80 suburban units in Zory). The project represents several "firsts" for Poland:*

- the first "western style" mortgages under the newly established Mortgage Fund were issued to residents of the "Kleszczowka" housing coop in Zory;*
- the first step-by-step manual "Democratic Cooperative Housing Development: Procedural Manual for Poland" was prepared, supplemented by a training videotape.*

*CHF now supports replication of these successful efforts principally through the creation of Agencies to Support Housing Initiatives (AWIM's) -- already reality in more than 10 gminas. AWIMs undertake activities such as formation and legalization of cooperatives, organization of the design-build process, preparation of cash flow analyses for projects, assist to obtain financing, provide guidance during construction, and assist with the ultimate ownership transfer of units. A total of 475 housing units, in the form of town-house or small apartment buildings are planned to be built during the 1996/97 season.*

*TBS: a new form of not-for-profit housing development and management, more than 36 TBS have been formed and 16 of these applied to the National Housing Fund (BGK) for financing in the 1 year since the passage of the enabling act. Gminas have played crucial roles in forming many of these TBS: as partner, sole owner, or by contributing land, buildings or financial support.*

TBS and other not-for-profit housing alternatives will play a role in providing more affordable housing, yet gminas lack experience and technical skills required to assess their usefulness, form suitable legal and organizational structures, and to assess the financial feasibility of specific projects (which may be required to apply for financing from the National Housing Fund). The following organizational and planning tools are already available.



### ***Organizational Tools***

■ **Business planning guide for TBS.** This guide outlines a process to be followed by local governments and other parties interested to organize a TBS, and identifies issues to be addressed in establishing the TBS's strategic and operational plans and objectives. Technical assistance can be delivered in the form of consulting services or a workshop for TBS participants.

■ **Organizational assistance & training for AWIM.** "Agencies to Support Housing Initiatives" or AWIM are a new source of professional expertise targeted to facilitate and support efforts of local NGO's to implement housing initiatives. AWIM can play an active role in forming and legalizing housing cooperatives, organizing the design-build process, preparation of cash-flow analyses, obtaining financing, and managing the construction process. Technical assistance and training are available to help set up and sustain AWIMs.

■ **Cooperative housing model and methodology.** A cooperative model of housing development has been developed, based on private ownership, democratic principles and market assumptions as an alternative to traditional state-subsidized housing. A procedural manual "Step-by-Step to Your Own Home" is available. The manual outlines the methodology and experience gained during implementation of 2 model cooperative housing developments in Bialystok and Zory during 1992-94.

### ***Project Planning & Financial Feasibility Tools***

■ **KFM loan model.** A computer program to evaluate loan repayment patterns based on alternative rent, expense and debt/equity assumptions. This model is being used primarily by TBS and BGK, but is generally useful to developers as a quick analysis of project feasibility. Technical assistance is available to apply the model to assess loan repayment feasibility for specific projects.

■ **Rental housing feasibility model.** A computer program to analyze the financial performance of a rental project including both development and operating phases. The model is used to test different assumptions about financing the project and subsequent loan repayment and operating costs and revenues under alternative scenarios.